MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BAC1044 – PRINCIPLES OF ACCOUNTING

(All Sections/ Groups)

28 FEBRUARY 2020
3:00 P.M – 5:00 P.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages excluding cover page with **4** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

1.

i. Accounts receivable
ii. Accounts payable
iii. Ordinary share capital
iv. Supplies
v. Prepaid Expense
vi. Equipment
vii. Short-term loan
viii. Revenues
ix. Dividends
x. Bonds payable

Required:
Classify each of the items above as an asset (A), liability (L), or equity (E).

(5 marks)

2. Selected transactions for Dinara Empire Enterprise in its first month of business, are as follows:

Jan 1	Issued ordinary shares in exchange for RM190,000 cash.
5	Purchased two shawl printing machines from Shanghai for RM410,000 by paying RM110,000 cash and signing a 5-year, 10% note for the remainder.
8	Purchased RM20,000 office supplies on credit.
10	Earned sales revenue amounted to RM28,000 by cash.
13	Paid RM16,000 cash for advertising.
17	Paid RM12,400 cash for office supplies purchased in January 8.
20	Paid cash dividends of RM40,000 to the shareholders.
25	Paid RM6,400 cash for rental expenses.
28	Purchased 5 years insurance policy worth RM15,000.
29	Earned sales revenue amounted to RM38,000 by credit.

Required:
Prepare journal entries for the transactions above. (10 marks)

Continued...

Part B

1.

i. Direct labour
ii. Direct materials
iii. Factory utilities
iv. Repairs to office equipment
v. Property taxes on factory building
vi. Sales salaries

Required:
Identify whether each of the following is classified as a product cost or a period cost.
(6 marks)

2. Berembun Sdn Bhd has the following data:

Item	RM
Direct labour	76,000
Direct materials used	84,000
Total manufacturing overhead	65,000
Ending work in process	30,000
Beginning work in process	45,000

Required:
Compute (a) total manufacturing costs and (b) cost of goods manufactured.
(4 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 2

Part A

Below is the Adjusted Trial Balance for Belatok Berhad as at 31 December 2018.

Belatok Berhad **Adjusted Trial Balance** **31 December 2018**		
Account Title	**Debit (RM)**	**Credit (RM)**
Cash	757,400	
Accounts Receivable	332,900	
Supplies	80,000	
Prepaid Insurance	291,200	
Office Equipment	100,000	
Accumulated Depreciation – Office Equipment		10,000
Office Car	250,000	
Accumulated Depreciation – Office Car		47,500
Accounts Payable		234,900
Notes payable		120,000
Rent Payable		9,600
Dividends Payable		75,000
Unearned Service Revenue		171,400
Ordinary Share Capital		900,000
Retained Earnings (1 January)		250,000
Service Revenue		332,700
Salaries and Wages Expense	58,800	
Rent Expense	86,700	
Utilities Expense	36,800	
Supplies Expense	50,000	
Insurance Expense	4,800	
Depreciation Expense – Office Equipment	5,000	
Depreciation Expense – Office Car	22,500	
Dividends	75,000	
Total	**2,151,100**	**2,151,100**

Required:

(a) Prepare the Statement of Profit or Loss for the year ended 31 December 2018.

(5 marks)

(b) Prepare the Statement of Financial Position as at 31 December 2018.

(10 marks)

Continued...

Part B

Berinchang Berhad reported business net income of RM800,000 for the current year. Depreciation recorded on buildings and equipment amounted to RM400,000 for the year. Balances of the current asset and current liability accounts at the beginning and end of the year are as follows:

	End of Year	Beginning of Year
Prepaid expenses	RM47,500	RM25,000
Inventories	275,000	325,000
Accounts receivable	120,000	160,000
Cash	100,000	75,000
Accounts payable	60,000	90,000
Income taxes payable	8,000	6,000

Required:
Prepare the partial Statement of Cash Flows for operating activities only by using the indirect method.

(10 marks)

[TOTAL 25 MARKS]

QUESTION 3

The following costs and inventory data were taken from the accounts of Gayong Sdn Bhd for 2018:

	1 January 2018	**31 December 2018**
Inventories:	**RM**	**RM**
Raw materials	8,000	7,000
Work in process	15,000	13,000
Finished goods	16,000	12,000
Cost incurred:		
Raw materials purchases		98,000
Direct labour		42,000
Factory rent		8,000
Factory utilities		10,000
Indirect materials		6,000
Indirect labour		9,000
Operating expenses		17,000

Continued...

Required:

(a) Prepare a Schedule of Cost of Goods Manufactured for the year ended 31 December 2018. (18 marks)

(b) Prepare the Cost of Goods Sold section of the Statement of Profit or Loss for the year ended 31 December 2018. (7 marks)

[TOTAL 25 MARKS]

QUESTION 4

Part A

A comparative Statement of Financial Position for Kerchau Berhad appears below.

Kerchau Berhad **Statement of Financial Position as at 31 December**		
	2018 (RM)	**2017 (RM)**
Assets		
Current Assets	420,000	428,000
Property, Plant and Equipment (net)	500,000	482,000
Intangible Assets	350,000	380,000
Total Assets	**1,270,000**	**1,290,000**
Liabilities		
Current Liabilities	361,000	375,400
Non-current Liabilities	580,000	594,000
Shareholders' Equity	329,000	320,600
Total Liabilities and Shareholders' Equity	**1,270,000**	**1,290,000**

Required:

(a) Prepare a vertical analysis for each year. (8 marks)

(b) Compute current ratio for both years. (2 marks)

Continued...

Part B

1.

i. A variable cost remains constant per unit at various levels of activity.
ii. A fixed cost remains constant in total and on a per unit basis at various levels of activity.
iii. For CVP analysis, both variable and fixed costs are assumed to have a linear relationship within the relevant range of activity.
iv. The high-low method is used in classifying a mixed cost into its variable and fixed elements.
v. A mixed cost has both selling and administrative cost elements.
vi. The difference between the costs at the high and low levels of activity represents the fixed cost element of a mixed cost.

Required:
Identify whether each statement above is True or False. (6 marks)

2. Noring Enterprise makes hiking backpacks that sell for RM20 each. For the coming year, management expects fixed costs to be RM225,000. Variable costs are RM15 per unit.

Required:
(a) Compute break-even sales in ringgit using the mathematical equation.
(2 marks)

(b) Compute break-even sales using the contribution margin ratio.
(3 marks)

(c) Compute margin of safety ratio assuming actual sales are RM1,200,000.
(2 marks)

(d) Compute the sales required to earn net income of RM150,000 using the mathematical equation.
(2 marks)

[TOTAL 25 MARKS]

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